



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

Mary D. Nichols, Chair
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Edmund G. Brown Jr.
Governor

APRIL 20, 2017

Sue O'Strander
Interim Development Center Manager
Community Development Department
7351 Rosanna Street
Gilroy, California 95020

Dear Ms. O'Strander:

Thank you for providing the Air Resources Board (ARB) the opportunity to comment on the Notice of Preparation (NOP) for the Performance Food Group Distribution Center (Project) Draft Environmental Impact Report (DEIR). The proposed Project consists of constructing a 340,271 square foot warehouse and distribution center with cold and dry storage, as well as a 7,380 square foot maintenance building and a diesel fueling station on an approximately 29-acre site.

Proposed Project Description

The proposed Project site is currently agricultural land, surrounded by mixed use, commercial and industrial businesses, undeveloped agricultural land, and public roads. The NOP indicates that the proposed Project will be constructed in two phases for the Performance Food Group Company who will relocate an existing operation from the Santa Cruz, California area to this proposed Project site. The first phase of the proposed Project includes demolition of an existing structure, site clearance, construction of a 189,303 square foot warehouse building, surface parking, gated access and 28 cold storage docks. The second phase consists of building the additional 150,968 square foot building, 12 loading docks, truck parking, and construction of the maintenance building and fueling station.

Air Quality Analysis and Health Risk Assessment

Given that the future tenant is known, traffic and air quality impacts should be evaluated in the DEIR utilizing the tenant's anticipated diesel equipment and planned operations at the proposed Project site. If the DEIR analysis indicates exceedances of environmental impacts, the California Environmental Quality Act (CEQA) requires that the Lead Agency (City of Gilroy) implement all feasible mitigation measures during construction.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

and operations which go beyond what is required by law to minimize or eliminate these impacts. In the event such exceedances occur, ARB recommends the following:

- 1) The DEIR should include a full health risk and air quality analysis encompassing both the construction and operational phases for this project. This analysis should be conducted using both an existing conditions baseline (current conditions) and a future conditions baseline (full build-out year with and without the proposed Project). This analysis will be useful to the public in understanding the full impacts of the proposed Project over time. In *Neighbors for Smart Rail v Exposition Metro Line Construction Authority* (2013) 57 Cal.4th 439, the California Supreme Court confirmed that a project may be reviewed using both an existing conditions and future conditions baseline. In this case, the site would undergo a land use change from agriculture to a cold and dry storage warehouse/distribution center and operation of a truck fueling station. Furthermore, the proposed Project is adjacent to a motel and a recreational vehicle park where potential residents or workers may be impacted. For these reasons, it is important to ensure that the public has a complete understanding of the environmental and public health impacts of the proposed Project, as compared to both existing conditions and future conditions.
- 2) The DEIR should also include a health risk assessment (HRA), if warranted, based on results of the air quality modeling. In California's Air Toxics Program, HRAs are prepared utilizing the Office of Environmental Health Hazard Assessment (OEHHA) 2015 Air Toxics Hot Spots Program Guidance Manual for Preparation of Health Risk Assessments (OEHHA Guidance). According to the OEHHA Guidance, the HRA modeling should include the appropriate network of receptor points that are sufficient in number and detail to determine the potential cancer and noncancer health impacts at the point of maximum impact, the maximum exposed individual resident, and maximum exposed individual worker. Other sensitive receptors of interest should also be included along with estimates of exposure to the surrounding population. The 2015 OEHHA Guidance document is available at http://oehha.ca.gov/air/hot_spots/hotspots2015.html.
- 3) The NOP references an Initial Study that includes screening criteria (thresholds of significance) from the 2010 Bay Area Air Quality Management District's (BAAQMD) CEQA Guidelines. The Air District is no longer recommending that these thresholds be used as a generally applicable measure of a project's significant air quality impacts. ARB concurs with the BAAQMD, that lead agencies will need to determine appropriate air quality thresholds of

significance based on substantial evidence in the record. Therefore, the City of Gilroy may rely on the Air District's updated 2012 CEQA Guidelines for assistance in calculating air pollution emissions, obtaining information regarding the health impacts of air pollutants, and identifying potential mitigation measures.

- 4) The NOP indicates a greenhouse gas (GHG) analysis will be conducted. While ARB concurs with including this analysis, the City of Gilroy should also identify any potential adverse air quality impacts that could occur from all phases of the proposed Project and all air pollutant sources related to the proposed Project. Air quality impacts from demolition, construction and operations should be calculated including any overlaps of construction and operations. The City of Gilroy should evaluate the proposed Project criteria air pollutants and GHG emissions using the California Emission Estimator Model (CalEEMod). The most recent version of CalEEMod is available at www.caleemod.com.
- 5) The City of Gilroy should include an analysis of the significant cumulative impacts of the proposed Project for both operational and construction air quality impacts (CEQA Guidelines, Section 15130) and in accordance with BAAQMD's 2012 CEQA Guidelines. In addition to evaluating cumulative impacts within 1,000 feet of the proposed site, the analysis should also evaluate impacts to receptors along Highway 101 using the BAAQMD's CEQA Guideline screening tables for mobile sources.

Project Design and Mitigation Measures

If the results of the DEIR analysis find an increase in health risk, the majority of the potential localized cancer risk for the proposed Project will likely be attributable to an increase in diesel PM from the construction and long-term operation of the facility. Therefore, ARB recommends actions to support the deployment of zero and near-zero emission technology to reduce localized health risk and regional emissions. If the analysis shows significant health or air quality impacts, ARB recommends the following mitigation measures and design features to ensure that all feasible¹ mitigation is required to reduce or avoid air quality and GHG related impacts

- 1) During construction activities, the City of Gilroy should require that all off-road construction equipment accessing the site meet Tier 4 emission standards where possible and Tier 3, at a minimum. Other practices that reduce emissions during

¹ For the purposes of CEQA, "feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors. (California Code of Regulations, title 14, section 15364.)

construction should be utilized; such as eliminating idling of diesel-powered equipment, requiring the use of zero and near-zero emission equipment and tools, and providing the necessary infrastructure (e.g. electric hookups), to support that equipment. In addition, require that all construction fleets be in compliance with all current air quality regulations.

- 2) The City of Gilroy should require that all medium-heavy and heavy-heavy duty trucks entering the proposed Project site during operations or construction, meet or exceed the 2010 emission standards. Furthermore, the City of Gilroy should support the deployment of zero and near-zero technologies including utilizing zero emission (such as battery electric or fuel cell electric) forklifts and battery electric and hybrid electric medium-duty trucks to the fullest extent feasible. ARB's Technology and Fuels Assessments provide information on the current and projected development of mobile source technologies and fuels, including current and anticipated costs at widespread deployment. This assessment can be found at <http://www.arb.ca.gov/msprog/tech/tech.htm>.
- 3) The Project design should include sufficient plug-in capabilities for transport refrigeration units (TRUs) to eliminate the amount of time that a transport refrigeration system powered by a fossil-fueled internal combustion engine can operate at the proposed Project site. ARB is developing a regulation that would limit the amount of time a TRU can idle while at a cold storage facility. Use of zero emission all-electric plug-in transport refrigeration systems, hydrogen fuel cell transport refrigeration, and cryogenic transport refrigeration is encouraged. ARB's Technology Assessment for Transport Refrigerators provides information on the current and projected development of TRUs, including current and anticipated costs. This assessment is available at https://www.arb.ca.gov/msprog/tech/techreport/tru_07292015.pdf. Information regarding the cold storage regulation and potential funding opportunities is available at <https://www.arb.ca.gov/cc/cold-storage/cold-storage.htm>.
- 4) The Project design should include the necessary infrastructure (e.g., physical siting, energy, and fueling) to support the deployment of zero emission technologies, now and in the future, including zero emission (such as battery electric or fuel cell electric) forklifts, battery electric and hybrid electric medium-duty trucks to the fullest extent feasible. These technologies are commercially available today. Additional advancements, especially for on-road trucks, are expected in the next three to five years. ARB's Technology and Fuels Assessments provide information on the current and projected development of mobile source technologies and fuels, including current and anticipated costs at

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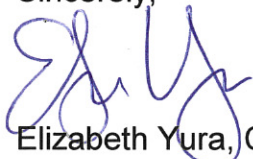
widespread deployment. This assessment can be found at
<http://www.arb.ca.gov/msprog/tech/tech.htm>.

Other Recommendations

- 1) The City of Gilroy should coordinate and consult with the community on construction and operations related to vehicle circulation. Furthermore, the City of Gilroy should identify and select routes that divert traffic away from neighborhood streets and are least impactful to the surrounding communities.
- 2) To support the State's vision for a sustainable freight transport system, the City of Gilroy should develop and consider a project design that incorporates applicable guiding principles, as outlined in the California Sustainable Freight Action Plan (Action Plan). The Action Plan can be found at
<http://www.dot.ca.gov/casustainablefreight/theplan.html>.

ARB staff appreciates the opportunity to comment on the NOP for the proposed Project and is able to assist with integrating the above recommendations into the DEIR. Please include ARB on your State Clearinghouse list of selected State agencies that will receive the DEIR as part of the comment period. Also, please send an electronic copy of the DEIR, or web link, direct to Robbie Morris via email at Robbie.Morris@arb.ca.gov. If you have questions, please contact Robbie Morris, Air Pollution Specialist, at (916) 327-0006, or via email at Robbie.Morris@arb.ca.gov.

Sincerely,



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cc: See next page.

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